

SECRET

Chief of Station, Karlsruhe

3 March 1951

Chief, FHM

Attn: BUB

Operational

Approval for Developmental Project CAGUCITY

REF: (1) MORA-7964, (2) MORA-7655, (3) MORA-7578, (4) MORA-7571, (5) MORA-7819

1. CAGUCITY is hereby approved as a developmental project for the period 1 January to 30 June 1951 and the sum of 2400 DM West (400 per month) is allocated for compensation to cover this period. The sum of 300 DM is allocated for a special operating fund to be used at case officer's discretion for non-recurrent purposes during the January-June period. Retroactive approval of the 500 DM West expended during the course of agent's recruitment is also granted.

2. We agree that the recruitment was quite smoothly handled and hope that this happy new arrangement will work to the advantage of this government. Our only doubt stems from the possibility that CAGUCITY may be using the arrangement as the easy train way to indulge his expensive tastes and/or that he may be KGB controlled.

3. Thank you very much for your excellent reports on the initial contacts and recruitment and for the analysis of agent's potential productivity. We are looking forward to the progress reports on this case.

This fall off
in STB. Not
out until c.
25 April.

400 DM West per mo

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